

Message Text

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ACTION IO-13

INFO OCT-01 EUR-12 EA-07 ISO-00 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 IGA-02

ABF-01 FS-01 NSC-05 SS-15 STR-04 CEA-01 L-03 H-02

AGRE-00 A-01 FBO-02 INT-05 DODE-00 AF-08 ARA-06

NEA-10 /141 W

----- 085368

R 061456Z OCT 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 6300

INFO AMEMBASSY PARIS

AMEMBASSY OTTAWA

AMEMBASSY BRUSSELS

AVEMBASSY BONN 1079

AMEMBASSY STOCKHOLM

AMEMBASSY OSLO

AMEMBASSY THE HAGUE

AMEMBASSY COPENHAGEN

AMEMBASSY ROME

AMEMBASSY VIENNA

USMISSION USUN NEW YORKI

USMISSION GENEVA

AMEMBASSY MOSCOW

RUEHBAZAMAMBASSY WELLINGTON 0909

C O N F I D E N T I A L LONDON 15982

E.O.11652: GDS

TAGS: UNDP' EAID, UK

SUBJECT: UNDP: U.S. PROPOSAL TO BUY ACCUMULATED NON-
CONVERTIBLE CURRENCIES

REF: STATE 236335

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1. FOLLOWING INITIAL SUBMISSION OF SUBJECT PROPOSAL TO 22ND SESSION OF UNDP GOVERNING COUNCIL, FCO ASKED HM TREASURY (HMT) TO CONSIDER IT. IN ITS APPROACH FCO DESCRIBED PROPOSAL AS "NOVEL AND BRILLIANT IN CONCEPTION" AND EXPRESSED HOPE THAT HMT WOULD AGREE TO UK SUPPORT OF IT. FCO ADMITTED IT WAS NOT SURE HOW ACCUMULATED NON-CONVERTIBLE CURRENCIES COULD BE USED BEYOND THE SERVING OF EMBASSIES IN COUNTRIES WHERE THESE CURRENCIES ARE HELD. IT ARGUED, HOWEVER, THAT EVEN THIS WOULD BE USEFUL IN SOLVING UNDP LIQUIDITY CRISIS IF IT WERE ACCEPTABLE TO THE HOST GOVERNMENTS. HMT HAS NOT YET REPLIED FORMALLY.

2. INFORMALLY, SOURCES WITHIN HMT HAVE REPORTED TO FCO THAT THEY ARE NOT VERY ENTHUSIASTIC ABOUT THE IDEA. THEY HAVE, HOWEVER, INDICATED THAT THEY MIGHT CONSIDER SOME ARRANGEMENT WITH NEW ZEALAND. FCO ATTRIBUTES THIS LACK OF ENTHUSIASM TO NORMAL RELUCTANCE OF RATHER CONSERVATIVE FINANCIAL PEOPLE TO COMMIT THEMSELVES TO WHAT THEY DESCRIBE AS A TRULY INNOVATIVE IDEA.

3. IN LIGHT OF OUR APPROACH, FCO WILL NOW GO BACK TO HMT, STRESS IMAGINATIVE NATURE OF PROPOSAL, EMPHASIZE NEED TO MAKE SOME CONSTRUCTIVE USE OF THESE CURRENCIES, AND STRONGLY URGE HMT SUPPORT FOR OUR INITIATIVE. FCO PROMISED FORMAL RESPONSE TO OUR APPROACH ASAP.

ARMSTRONG

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, DEVELOPMENT PROGRAMS, INTERNATIONAL ORGANIZATIONS, CURRENCIES, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Draft Date: 06 OCT 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976LONDON15982
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760377-0639
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761077/aaaacozb.tel
Line Count: 89
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION IO
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 STATE 236335
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 02 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 APR 2004 by ElyME>; APPROVED <05 APR 2004 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ACT: UNDP: U.S. PROPOSAL TO BUY ACCUMULATED NON- CONVERTIBLE CURRENCIES
TAGS: EAID, UK, UNDP
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006